

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

UNCLAS STATE 212484

E.O. 11652: N/A

TAGS: EMIN, ETRD, IN

SUBJECT: MICA

1. DURING TRIP TO FRANCE, US, AND JAPAN TO DISCUSS INDIAN MICA WITH TRADE AND OTHERS, GOI DEPT OF FOREIGN TRADE UNDER-SECY FOR MICA K.L. MATHUR VISITED WASHINGTON AND MADE SEPT 19 CALL ON DEPTOFF (EB/ISM) FOR GENERAL DISCUSSION MICA, INCLUDING GSA STOCKPILE DISPOSALS.

2. IN GENERAL DISCUSSION, DEPTOFF NOTED CONCERN EXPRESSED BY US MICA TRADE OVER MMTC RE-NEGOTIATION OF EXISTING CONTRACTS AS RESULT OF FEB. 22, 1974 GOI FLOOR PRICE INCREASES. MATHUR TERMED FLOOR PRICE INCREASES "MARGINAL", RANGING FROM 30-35 PERCENT FOR HIGH QUALITY MICA DOWN TO ABOUT 15 PERCENT FOR LOWER QUALITIES (INCREASE IN LATTER CASE ACTUALLY AMOUNTED TO ABOUT 10 PERCENT OVER RECENT YEARS' PRICE, ACCORDING MATHUR, SINCE PRICE EARLIER HAD BEEN REDUCED TO SPUR EXPORT SALES). ALSO, MATHUR NOTED THAT GOI ACTION AFFECTED ONLY FLOOR PRICES, AND THAT SUBSTANTIAL PART OF MICA TRADE WAS AT HIGHER THAN FLOOR PRICES. HE ADDED THAT GOI WAS UNABLE TO MAINTAIN

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PREVIOUS PRICES ON EXISTING CONTRACTS DUE TO SHARPLY HIGHER COSTS. IN DEFENSE OF RENEGOTIATION OF EXISTING CONTRACTS INDIAN EMBOFF ACCOMPANYING MATHUR CLAIMED INDIA HAD EXPERIENCED RENEGOTIATION OF ITS EXISTING IMPORT CONTRACTS AFFECTING NUMBER OF PRODUCTS. HE SPECIFICALLY CITED NEWS-

PRINT, WHERE HE CLAIMED INDIA ENCOUNTERED INCREASES ON EXISTING CONTRACTS FROM PREVIOUS LEVEL OF 170 DOLLARS PER TON TO AREA OF 400 DOLLARS PER TON.

3. DEPTOFF REVIEWED FY1974 GSA MUSCOVITE MICA DISPOSALS AND FY1975 DISPOSAL PROGRAM WITH MATHUR: FY1974 SALES TOTALED 1,382,603 POUNDS (VALUED AT 1,521,000 DOLLARS) OF MUSCOVITE BLOCK (STAINED AND BETTER GRADE); 71,061 LBS (69,000 DOLLARS) OF NONSTOCKPILE GRADE MUSCOVITE BLOCK; 46,972 LBS (155,000 DOLLARS) OF MUSCOVITE FILM (FIRST AND SECOND QUALITIES); AND 2,492,660 LBS (962,000 DOLLARS) OF MUSCOVITE SPLITTINGS. GSA'S FY1975 PROGRAM IS FOR DISPOSAL OF 1.5 MILLION LBS OF MUSCOVITE BLOCK AND FILM (DOWN FROM 2 MILLION LB FY1974 PROGRAM), AND 2.5 MILLION LBS OF MUSCOVITE SPLITTINGS (SAME AS FY1974 PROGRAM). GSA REDUCED FY1975 BLOCK AND FILM PROGRAM FOLLOWING INDIAN REQUESTS TO DEPARTMENT FOR LOWERED MICA DISPOSAL PROGRAM.

4. MATHUR'S MAIN CONCERN WAS OVER MUSCOVITE FILM DISPOSALS, DESPITE LOW LEVEL THESE DISPOSALS. HE SAID GOI WAS ATTEMPTING DEVELOP INDIAN MUSCOVITE FILM PROCESSING INDUSTRY, AND THAT GSA FILM WAS BEING EXPORTED TO JAPAN AND ELSEWHERE FOR PROCESSING, TO DETRIMENT OF NASCENT INDIAN PROCESSORS. MATHUR THEREFORE REQUESTED USG CONSIDER DISCONTINUING GSA MUSCOVITE FILM DISPOSALS. MATHUR ALSO ALLEGED THAT GSA MICA SALES WERE IN SOME CASES AT DETRIMENTALLY LOW PRICES. DEPTOFF DID NOT HAVE DETAILS OF GSA MICA PRICING, BUT NOTED THAT UNTIL AMEMBASSY DELHI RECENTLY PROVIDED FULL DETAILS OF GOI FEB 22 PRICE ACTIONS, WE DID NOT HAVE UP-TO-DATE OFFICIAL PRICE DATA.

5. DEPARTMENT SUBSEQUENTLY REVIEWED MUSCOVITE FILM DISPOSALS WITH GSA, WHICH REQUESTED THAT INDIANS PROVIDE SPECIFIC DETAILS OF US EXPORTS OF MUSCOVITE FILM (E.G., UNCLASSIFIED

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VOLUME) OVER WHICH THEY CONCERNED. RE PRICES, GSA INDICATED WILLINGNESS REVIEW ITS MICA PRICING POLICY, AND WOULD APPRECIATE ANY SPECIFIC VIEWS OF GOI RE MICA PRICING.

6. GSA COMMENTS IN PARA 5 ABOVE PASSED TO INDIA EMBASSY, WHICH PROMISED COMMUNICATE WITH MATHUR ON HIS RETURN TO

DELHI. KISSINGER

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NNN

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